




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Douglas M. Duncan
County Executive

MEMORANDUM

March 15, 2006

TO: George L. Leventhal, President, Montgomery County Council

FROM: 
Douglas M. Duncan, County Executive

SUBJECT: FY07 Operating Budget and FY07-12 Public Services Program

I am pleased to transmit to you, in accordance with the County Charter, my recommended FY07 Operating Budget and FY07-12 Public Services Program.

This budget is consistent with my previous eleven recommended spending plans, all of which were crafted to keep Montgomery County one of the nation's best places to live, work, and raise a family. I present to you a budget that is balanced, provides significant tax relief with a nine and one-half cents reduction in the property tax rate, increases our commitment to education, transportation, public health and safety, and fully funds our employee wage agreements.

This budget is based on the County's sound economy and the expectation that we will see continued, sustainable growth. We have experienced tremendous job growth supported by a surge in federal procurements in the County. This has provided dramatic growth in our real estate market. These strengths form the basis for the revenue projections underlying the FY07 Budget.

As always, final decisions by the Governor and General Assembly may further affect our budget deliberations. Details of my recommended budget can be found in the materials following this message.



Tax Relief

I am recommending a 9.5 cent reduction in property tax rates which meets the Charter Limit on property tax revenue. This reduction will save the average property taxpayer \$360 and will reduce property tax revenue by \$127.9 million. It is the largest property tax rate reduction since FY1991 and will make Montgomery County's rate one of the lowest among Maryland jurisdictions.

Education

For Montgomery County Public Schools, I recommend a total of \$1,839.2 million, an increase of \$125.5 million, or 7.3 percent over the FY06 estimated budget. This recommendation funds 100 percent of the amount requested by the Board of Education, assuming full funding by the State of the Thornton Bridge to Excellence Act including the Geographic Cost of Education Index, and supports an anticipated student body of 139,936. Per pupil spending increases to \$13,143, up 85.0 percent from \$7,089 in FY95. My recommendation for local funding not only supports Maintenance of Effort (defined as the same local investment per student as last year), which preserves our State aid, but goes beyond, with an increase of \$64.5 million. This recommendation provides for extending, ahead of schedule, full-day kindergarten to all remaining elementary schools, continues class size reduction efforts underway and reduces class size in high schools to facilitate inclusion of special education students, supports teacher and other personnel professional development, and endorses other Board of Education initiatives to strengthen the support systems that will ensure continued excellence in our public schools. These initiatives have shown great results. At elementary schools, 81.0 percent of kindergarten students now meet the reading benchmark. Forty-four percent of high school students in the 2005 class achieved scores on the Advanced Placement exam at a level which is more than triple the national average and double the Maryland average. The average SAT score exceeded 1100 for the second year in a row, while also setting a new record for participation.

In January, when I submitted the recommended FY07-12 capital program to the Council, I proposed fully funding the MCPS program within the six year period. I have now identified additional resources so that all MCPS projects can proceed on the schedule originally requested by the Board of Education.

I recommend fully funding Montgomery College's request of \$217.8 million, an increase of \$38.0 million or 21.1 percent over the FY06 estimated budget, with a local contribution of \$90.1 million, up \$12.7 million from FY06. This level of support freezes tuition and fees at current rates, the first year of no increases since 1984.

In addition to the funding provided in the operating budget, I recommend \$5.0 million to fund College technology projects such as a Network Operating Center, Network Infrastructure and Support Systems, and Student Learning Support Systems in the CIP for the College.

Transportation

In its fourth year, the Go Montgomery! transportation initiative continues to reduce traffic congestion and preserve and enhance existing transportation infrastructure. I recommend several enhancements including: funding to initiate the planning phase for a new Traffic Signal Modernization system; additional Ride On bus service on 24 bus routes to respond to dramatic increases in bus ridership (Ride On is projected to have over 27 million riders in FY06, nearly 4 million more riders than in FY04), emergency tree maintenance to reduce backlog by 50.0 percent; and roadside foliage removal to improve visibility and intersection safety.

This budget also provides increased rural/residential resurfacing, and maintenance of 24.8 lane miles of newly accepted subdivision roads for a total of 4,726 lane miles being maintained. Funding is provided to purchase eight compressed natural gas buses, nine environmentally-friendly hybrid buses and 27 small diesel buses for the Ride On fleet. In addition, enhancements are recommended to the Ride On infrastructure to include: a new Computer Aided Dispatch/Automatic Vehicle Locator system through the Advanced Transportation Management System project in the CIP; and the addition of one Ride On Compliance Manager to enhance safety and bus operator training.

We have begun discussions with the State to invest approximately \$80.0 million in FY10-12 in State projects which reduce congestion in Montgomery County. We believe that this investment will help to assure construction of several road and interchange projects in the next several years.

Public Safety and Homeland Security

I recommend the continued implementation of the Chief of Police's Staffing Plan (begun last year) by providing 22 additional police officers and six civilian personnel. We will create two Police Community Action Teams (PCAT); complete the Wheaton Safety Plan and the Silver Spring 3rd District Plan; enhance the Robbery and Pedophile Units; add two DNA Technicians, a Drug Analyst, a Fleet Assistant and a Public Safety Training Academy (PSTA) Instructor. To support the staffing plan, I recommend two Police Officer recruit classes in FY07 for a total of 82 recruits. Funding is also provided for six additional Crossing Guards to ensure the safety of the County's school-aged children. I also recommend the acquisition of the Public Safety Outdoor Firearms Training Center property from the Washington Suburban Sanitary Commission, and the implementation of the Speed Camera Program to ensure the safety of County residents.

My budget implements a \$1.5 million Gang Prevention Initiative across several County departments and Montgomery County Public Schools to address this emerging public safety issue. The initiative adds street outreach workers to provide services to gang-involved youth in underserved parts of the County, adds personnel and operating costs for one High School Wellness Center to provide comprehensive and collaborative health and service strategies to reduce high-risk behaviors, and supports a Youth Employment Initiative to encourage employers to hire at-risk youth. In addition, Montgomery County has received a Congressional earmark for Gang Prevention Initiatives through the Bureau of Justice Assistance, funds that will be used to hire officers for an anti-gang unit within the Police Department.

I recommend several enhancements to the Fire and Rescue Service including: implementation of the first phase of four-person staffing on fire apparatus to improve effectiveness and responsiveness; funding for enhanced staffing at Rockville, Rockville/Potomac, Germantown/Clarksburg, Laytonsville, Damascus, and interim service in Clarksburg until a permanent station is built; and the acquisition of 71 pieces of apparatus equipment valued at \$30.8 million, funded by short-term debt, to ensure operational readiness.

In the Department of Homeland Security, I recommend adding four personnel to facilitate the 24/7 fire alarm monitoring for all County facilities and one Information Technology Specialist to facilitate the planning and coordination of interoperable communications and information transfer between the Public Safety Communication Center (PSCC) and the Alternative Public Safety Communication Center (APSCC).

In the Department of Correction and Rehabilitation, I recommend adding 20 Correctional Officers to address 24/7 staffing requirements and ensure appropriate security at the Montgomery County Correctional Facility.

In the Office of the Sheriff, I recommend adding five Deputy Sheriffs to the Domestic Violence Unit to address caseload and reduce mandatory overtime, and two Deputy Sheriffs to provide security for the Red Brick Courthouse for the new Juvenile Court Judge.

In the Judicial Branch, I recommend adding one State's Attorney and one Legal Assistant to the Juvenile team to address increasing caseload. In the Circuit Court, I recommend staff to support the new Administrative Judge appointed to the Juvenile Division, and continue the drug court program previously funded with a State grant.

Health and Human Services

I recommend \$5.0 million in additional funding for the Montgomery Cares public/private partnership to provide health care for the uninsured. The total funding for Montgomery Cares will increase to \$10.0 million and serve an additional 4,000 residents for a total of 17,000. This is the second year of a five-year expansion effort to serve 40,000 uninsured individuals by fiscal year 2010. Montgomery Cares will expand primary care office visits, provide prescription medications, and support pilot programs for oral and behavioral health. We are also increasing funding to address health disparities by increasing the African-American, Asian-American, and Latino Health Programs. Linkages to Learning, our school-based health, mental health, and social services public/private partnership, is being expanded to the Connecticut Park Elementary School and the A. Mario Loiederman Middle School increasing the program to a total of 28 sites. Several programs are being enhanced to provide a higher level of service to include: capacity at the Child and Adolescent Mental Health Clinic; funding to service providers for the developmentally disabled; and maternity services to provide prenatal and delivery services.

My budget continues to address quality of life enhancements for seniors in our community. A few highlights include: funding the second year development of a strategic plan for services for seniors; upgrading Connect-A-Ride phone service to improve service to senior citizens; increases for the Call 'N Ride transportation service to meet increased demand and a rate increase; and funding to address maintenance needs at three senior centers.

I am recommending community grants totaling \$5.2 million for providing services to organizations that assist county agencies in addressing the special needs of people in our community.

I am sustaining my commitment to affordable housing by allocating \$19.9 million to the Housing Initiative Fund for acquisition, construction, and rehabilitation of the County's affordable housing. In addition, I recommend a new position to coordinate the development review process with Maryland-National Capital Park and Planning Commission as it pertains to Moderately Priced Dwelling Unit (MPDU) requirements.

Environment

To improve the environment and enhance compliance with the Clean Air Act, I recommend funding the Clean Energy Rewards program, to provide financial incentives to buyers of clean energy and reduce reliance on fossil fuels. We will also renew the County's contract to purchase at least 5.0 percent of our energy from wind power.

We will plant about 1,400 trees, proactively prune over 15,300 trees to promote their health and longevity, and partner with the State to implement the gypsy moth suppression program. I recommend that we conduct a Countywide inventory of all storm drain outfalls to facilitate more timely and effective pollutant clean-up and enforcement, and hire an Environmental Compliance Advisor to implement and monitor a comprehensive pollution prevention plan at all maintenance depots.

Economic Development

Our economic development program has been crucial to our success as the economic engine of the State. We will continue to grow our tax base by sustaining the fundamentals of our program. We will partner with the State and the City of Rockville to open our fourth business incubator which will serve start-up technology companies. Through increased Economic Development Fund support, we will also leverage State and private funding to renovate the historic Bethesda Theatre and to attract Nederlander Worldwide Entertainment and premier, off-Broadway productions to the County. In addition, we are expanding activities to market Montgomery County as a tourist site and to promote the Conference Center as a meeting resource for large, non-resident groups. We will also continue to invest in small and minority-owned businesses and our workforce programs with our State and Federal partners.

My budget also funds a number of initiatives to address the challenges experienced in Clarksburg. The Department of Permitting Services has been working closely with the Maryland-National Capital Park and Planning Commission (M-NCPPC) to spell out which agency will undertake

specific site plan enforcement requirements. As a result of these discussions, Permitting Services will ensure that building height, setback, floor area ratio and lot coverage requirements are met when building permit applications are submitted. Permitting Services will also inspect site plan projects at least monthly and at critical construction phases to ensure that site plan requirements are being met before it is too late to make changes, and investigate all citizen concerns about site plan requirements. I recommend an Ombudsman's position to ensure coordination of development activities in Clarksburg and the timely resolution of citizen concerns.

Other Services

I recommend \$110.8 million for the Maryland-National Capital Park and Planning Commission budget, which represents a 6.7 percent increase over the FY06 estimated budget. I also provide funds to meet a \$1.1 million reduction in user fees in the Administration Fund resulting from a shift of such user fee revenue to the Special Revenue Fund.

In the Department of Libraries, I recommend the resources to open the Germantown and Rockville libraries and funding for additional facility maintenance.

Recreational programs are enhanced with the opening of the Olney Skate Board Park, full year funding for the Blair High School Sports Academy to serve 433 students, and the creation of five career Swimming Pool Operators to help address staffing requirements.

In the Department of Technology Services, I recommend several investments to ensure the stability of the County's systems to include: a study for Enterprise Resource Planning to evaluate future implementation to ensure the continuity of the County's financial systems; upgrading the capacity of the County's Mainframe Central Processing Unit (CPU); and funding to support the effective functioning of the Public Safety Communication System (PSCS).

Funding the Budget

I recommend total growth in our budget of 7.6 percent over estimated FY06 spending. My total FY07 budget is recommended at \$3,862.5 million, up \$272.0 million over the FY06 estimate. Budgets for Montgomery County Public Schools and Montgomery College increase 7.3 and 21.1 percent, while the Montgomery County Government and M-NCPPC budgets increase 6.8 and 6.7 percent over the FY06 estimate.

This budget assumes Federal Financial Participation (FFP) of \$20.0 million and \$17.0 million in State Geographic Cost of Education Index (GCEI) funding. County fiscal policy states that the budgeted total reserve for tax supported funds should be at least 6.0 percent of total resources. For FY07, I recommend a total tax supported reserve at 6.6 percent, above the policy level. The additional reserves include \$15.3 million in designated reserves for Montgomery County Public Schools Capital Improvements Program and \$5.5 million in undesignated reserves for contingencies.

Water and Sewer rates increase by 3.0 percent in FY07 as established by Spending Control Limits. In addition, certain other fees will need to be increased and new fees will be implemented to cover rising program costs. Details on fee increases are provided in the How to Fund the Budget section of my Recommended FY07 Operating Budget.

Final Thoughts

This will be my last recommended budget and I'm very proud of our investments and the results we have achieved in the past twelve years. Throughout those years, my strategy has been to recognize the problem, develop a plan and get the job done. My carefully crafted budget recommendations over the years have produced a nationally recognized school system and community college, resulted in a high level of public safety, and supported appreciation of property values resulting from our investments in health and human services, transportation, culture and recreation, parks and the environment.

Many people have again risen to the challenge of helping to shape this budget for our community. My special thanks go to the Board of Education and Superintendent at Montgomery County Public Schools; the Trustees and President of Montgomery College; the Chair of the Maryland-National Capital Park and Planning Commission and the Planning Board; the Commissioners and General Manager of Washington Suburban Sanitary Commission; individual citizens, as well as members of boards, commissions, and committees; community-based organizations; and directors, employees, and employee representatives of departments in all agencies.

Highlights of my recommendations are set forth on the following pages and details can be found in the departmental sections. The full budget can be viewed as well on the County's website at www.montgomerycountymd.gov. Details of the budget requests for Montgomery County Public Schools, the College, Maryland-National Capital Park and Planning Commission, and Washington Suburban Sanitary Commission can be seen in the separate budget documents produced by those agencies.

I look forward to working with the Council over the next two months on major policy issues that arise, and have asked Executive Branch staff to assist you in your deliberations.